

**Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana**

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2013

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana

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Independent Auditors' Report

Board of Commissioners
Cypress - Black Bayou Recreation
and Water Conservation District
Benton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

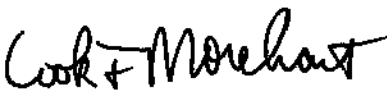
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 and 26, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2014, on our consideration of Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
July 7, 2014

CYPRESS – BLACK BAYOU RECREATION AND WATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Cypress - Black Bayou Recreation and Water Conservation District's financial performance provides an overview of the Cypress - Black Bayou Recreation and Water Conservation District's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Cypress - Black Bayou Recreation and Water Conservation District's net position decreased by (\$332,619) or 8.35%.

The Cypress - Black Bayou Recreation and Water Conservation District's total general and program revenues were \$1,439,370 in 2013 compared to \$1,375,833 in 2012.

During the year ended December 31, 2013, the Cypress - Black Bayou Recreation and Water Conservation District had total expenses, excluding depreciation, of \$1,553,879.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Cypress - Black Bayou Recreation and Water Conservation District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Cypress - Black Bayou Recreation and Water Conservation District's operations in more detail than the government-wide statements by providing information about the Cypress - Black Bayou Recreation and Water Conservation District's most significant funds.

Reporting the Cypress - Black Bayou Recreation and Water Conservation District as a Whole

Our analysis of the Cypress - Black Bayou Recreation and Water Conservation District as a whole begins on page 9. One of the most important questions asked about the Cypress - Black Bayou Recreation and Water Conservation District's finances is "Is the Cypress - Black Bayou Recreation and Water Conservation District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using

the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Cypress - Black Bayou Recreation and Water Conservation District's *net position* and changes in them. You can think of the Cypress - Black Bayou Recreation and Water Conservation District's net position – the difference between assets and liabilities – as one way to measure the Cypress - Black Bayou Recreation and Water Conservation District's financial health, or *financial position*. Over time, *increases* or *decreases* in the Cypress - Black Bayou Recreation and Water Conservation District net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District are reported here which consists primarily of personal services, materials and supplies, repairs and maintenance and other program services. Ad Valorem taxes and permits, licenses and fees, finance most of these activities.

Reporting the District's Most Significant Funds

The Cypress - Black Bayou Recreation and Water Conservation District has only one fund – General fund, which is a governmental fund. Our analysis begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the general fund maintained by the Cypress - Black Bayou Recreation and Water Conservation District – not the Cypress - Black Bayou Recreation and Water Conservation District as a whole. The Cypress - Black Bayou Recreation and Water Conservation District's *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Cypress - Black Bayou Recreation and Water Conservation District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Cypress - Black Bayou Recreation and Water Conservation District's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Cypress - Black Bayou Recreation and Water Conservation District expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

**THE CYPRESS - BLACK BAYOU RECREATION AND WATER
CONSERVATION DISTRICT AS A WHOLE**

The Cypress - Black Bayou Recreation and Water Conservation District's total net position changed from a year ago, decreasing from \$3,983,037 to \$3,650,418.

**Table 1
Net Position**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 1,185,241	\$ 1,170,537
Capital assets	<u>2,734,161</u>	<u>2,912,499</u>
Total assets	<u>\$3,919,402</u>	<u>\$ 4,083,036</u>
Current liabilities	68,984	99,999
Long-term liabilities	<u>200,000</u>	
Total liabilities	<u>268,984</u>	<u>99,999</u>
Net position:		
Net investment in capital assets	2,734,161	2,912,499
Restricted	15,345	73,983
Unrestricted	<u>900,912</u>	<u>996,555</u>
Total net position	<u>\$3,650,418</u>	<u>\$ 3,983,037</u>

Net position of the Cypress - Black Bayou Recreation and Water Conservation District's governmental activities decreased by \$332,619 or 8.35% for the year ended December 31, 2013 and decreased by \$31,565 or .79% for the year ended December 31, 2012.

	Governmental Activities	
	2013	2012
Revenues		
Program revenues		
Charges for services	\$ 467,539	\$ 454,062
Contributions	35,000	
General revenue		
Ad Valorem taxes	843,148	850,882
State revenue sharing	27,120	26,911
Interest income	1,285	1,112
Miscellaneous	65,278	42,866
Total revenues	<u>\$1,439,370</u>	<u>\$ 1,375,833</u>
Expenses		
General government	402,611	280,648
Culture and Recreation	1,369,378	1,126,750
Total expenses	<u>1,771,989</u>	<u>1,407,398</u>
(Decrease) in net position	<u>\$ (332,619)</u>	<u>\$ (31,565)</u>

Total revenues increased \$63,537 (4.62%) from total revenues in the year ended December 31, 2012 of \$1,375,833 to total revenues of \$1,439,370 in the year ended December 31, 2013.

The increase was due to an increase in miscellaneous revenues and contributions.

THE DISTRICT'S FUNDS

As the District completed the year ended December 31, 2013, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$990,238, which is greater than last year's fund balance of \$953,315. The primary reason for the increase is due to the issuance of long-term debt as a financing source of funds.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2013. There was one amendment to the budget during the year. The original and final budget amount reflects the one budget amendment to increase budgeted revenues for the increase in miscellaneous revenues, the issuance of long-term debt, and increase in

operating expenses. The District's budgetary comparison is presented as required supplementary information and shown on page 26.

Highlights for the year are as follows:

- Revenues received were in substantial agreement with the amended budgeted amounts. Expenditures were substantially higher than the original budget due to increase in operating expenses such as repairs and maintenance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2013, the Cypress - Black Bayou Recreation and Water Conservation District had invested \$2,734,161 in capital assets compared to \$2,912,499 at December 31, 2012. (see table 3 below)

	<u>2013</u>	<u>2012</u>
Land	\$ 710,000	\$ 710,000
Buildings and improvements	264,401	263,996
Other improvements	1,695,668	1,863,764
Equipment	<u>64,092</u>	<u>74,739</u>
Total assets	<u><u>\$2,734,161</u></u>	<u><u>\$2,912,499</u></u>

Major additions included:

Equipment	<u>\$ 39,772</u>	<u>\$ 43,148</u>
Total		

More detailed information about the capital assets are presented in Note 5 to the financial statements.

Table 4
Outstanding Debt At Year End

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Certificates of indebtedness	\$ <u>200,000</u>	\$ <u> </u>

More detail information above the debt is presented in Note 7 to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Cypress - Black Bayou Recreation and Water Conservation District's management considered many factors when setting a fiscal year December 31, 2014 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same as 2013.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District and to show the Cypress - Black Bayou Recreation and Water Conservation District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Interim Executive Director at 135 Cypress Park Drive, Benton, Louisiana 71006

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Statement of Net Position
December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 216,263
Investments	50,000
Accounts receivable:	
Ad valorem taxes	819,216
State revenue sharing	18,080
Prepaid expenses	81,682
Capital assets:	
Land	710,000
Other capital assets, net of accumulated depreciation	<u>2,024,161</u>
Total assets	<u>3,919,402</u>
LIABILITIES	
Accounts payable and accrued expenses	68,984
Long-term liabilities:	
Due within one year	100,000
Due in more than one year	<u>100,000</u>
Total liabilities	<u>268,984</u>
NET POSITION	
Net investment in capital assets	2,734,161
Restricted	15,345
Unrestricted	<u>900,912</u>
Total net position	<u><u>\$ 3,650,418</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Statement of Activities
For the Year Ended December 31, 2013

			<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Functions / Programs:</u>				
Governmental Activities				
General government	\$ 402,611	\$	\$	\$ (402,611)
Culture and recreation	<u>1,369,378</u>	<u>467,539</u>	<u>35,000</u>	<u>(866,839)</u>
Total governmental activities	<u>1,771,989</u>	<u>467,539</u>	<u>35,000</u>	<u>(1,269,450)</u>
General revenues:				
Ad valorem taxes				843,148
Interest income				1,285
State revenue sharing				27,120
Miscellaneous				<u>65,278</u>
Total general revenues				<u>936,831</u>
Change in net position				(332,619)
Net position - beginning (restated)				3,983,037
Net position - ending				<u><u>\$ 3,650,418</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund
Assets	
Cash	\$ 216,263
Investments	50,000
Accounts receivable	
Ad valorem taxes	819,216
State revenue sharing	18,080
	<hr/>
Total assets	\$ 1,103,559
	<hr/>
Liabilities	
Accounts payable and accrued expenses	\$ 68,984
Total liabilities	68,984
	<hr/>
Deferred inflows of resources	
Unavailable revenue:	
Ad valorem taxes	26,257
State revenue sharing	18,080
Total deferred inflows of resources	44,337
	<hr/>
Fund balance	
Restricted	211,995
Assigned	50,000
Unassigned	728,243
Total fund balance	990,238
	<hr/>
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,103,559
	<hr/>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
December 31, 2013

Fund balances - total governmental funds	\$	990,238
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		2,734,161
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Long-term liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds.		(200,000)
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Some receivables for certain property tax collections and state revenue sharing are not available to pay for current - period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.		44,337
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The nonallocation method of accounting for prepayment is used in the fund statements, since the prepayment does not provide expendable financial resources.		81,682
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Net position of governmental activities	\$	<u>3,650,418</u>
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See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2013

	General Fund
Revenues	
Ad valorem taxes	\$ 877,711
State revenue sharing	26,980
Permits, licenses and fees	467,539
Donations	35,000
Interest income	1,285
Miscellaneous	<u>65,278</u>
Total revenues	<u>1,473,793</u>
Expenditures	
Current	
General government	402,611
Culture and recreation	1,194,487
Capital outlay	<u>39,772</u>
Total expenditures	<u>1,636,870</u>
Excess (deficiency) of revenues (under) expenditures	(163,077)
Other financing sources:	
Issuance of long - term debt	<u>200,000</u>
Total other financing sources	<u>200,000</u>
Net change in fund balance	36,923
Fund balance at beginning of year (restated)	<u>953,315</u>
Fund balance at end of year	<u><u>\$ 990,238</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$ 36,923
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$39,772 are exceeded by depreciation \$218,110 in the current period.	(178,338)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing those obligations increases long-term liabilities in the statement of net position	(200,000)
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	43,218
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(34,422)</u>
Change in net position of governmental activities	<u><u>\$ (332,619)</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013

INTRODUCTION

The Cypress - Black Bayou Recreation and Water Conservation District (the District) was created by Act 292 of 1958 to develop the wealth and natural resources of the District by conserving water for agricultural, municipal, recreational, commercial, industrial, and sanitary purposes. The District is comprised of a board of five commissioners, one each appointed by the Bossier Parish Police Jury, the Bossier Parish School Board, the Mayor and governing authority of the City of Bossier City, the Mayor and governing authority of the Town of Benton, and the Bossier Levee District.

(1) Summary of Significant Accounting Policies

The Cypress - Black Bayou Recreation and Water Conservation District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (*Statements and Interpretations*). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the Cypress - Black Bayou Recreation and Water Conservation District are discussed below.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of the standards, the District is considered a primary government, since it is a special purpose government that has a separate appointed governing body, is legally separate, and is fiscally independent of other state or local governments. *Fiscally independent* means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt and has a component unit over which it exercises oversight responsibility.

The financial statements present the District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with District.

The Cypress - Black Bayou Zoological Garden Association, Inc. (Zoo) was incorporated on March 24, 1995 as a nonprofit corporation under the laws of the State of Louisiana and has been approved by the Internal Revenue Service as a Sec 501(c)(3) corporation for the purpose of soliciting grants and donations for the operation of a children's petting zoo. The members of the Zoo's Board of Directors consists of the individuals that comprise the District's Board of Commissioners and has a volunteer advisory Board, therefore, it has been blended with the District's financial statements. The District filed an affidavit to dissolve the Cypress - Black Bayou Zoological Garden Association, Inc. (Zoo) with the State of Louisiana, Secretary of State on October 21, 2013.

B. Basic Financial Statements – Government-Wide Statements

The Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements include both government-wide (reporting the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole) and fund financial statements (reporting the Cypress - Black Bayou Recreation and Water Conservation District's major funds).

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Cypress - Black Bayou Recreation and Water Conservation District's general fund is classified as governmental activities. The Cypress - Black Bayou Recreation and Water Conservation District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cypress - Black Bayou Recreation and Water Conservation District's net position is reported in three parts – net investment in capital assets (net of related debt), restricted net position and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Cypress - Black Bayou Recreation and Water Conservation District's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of permits, licenses, fees and donations. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Cypress - Black Bayou Recreation and Water Conservation District as an entity and the change in the Cypress - Black Bayou Recreation and Water Conservation District's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Cypress - Black Bayou Recreation and Water Conservation District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. *The various funds are reported by generic classification within the financial statements.*

The following fund types are used by the Cypress - Black Bayou Recreation and Water Conservation District:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Cypress - Black Bayou Recreation and Water Conservation District:

- a. General fund is the general operating fund of the Cypress - Black Bayou Recreation and Water Conservation District. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Cypress - Black Bayou Recreation and Water Conservation District consist principally of property taxes, permits, licenses and fees, state revenue sharing, donations and interest income. Property taxes and state revenue sharing are recorded in the year in which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Interest income is recorded when earned. Permits, licenses, fees and donations are recorded when received because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the District prior to December 31 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

5. The budget for 2013 was adopted on the modified accrual basis for the general fund. One amendment was made to the 2013 budget.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. *Contributed assets are reported at fair market value as of the date received.* Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 – 40 years
Equipment	3 – 10 years
Other improvements	10 – 40 years

H. Deferred Inflows of Resources

The District's governmental fund reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenues until a future event occurs. The District has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue consisting of ad valorem property taxes and state revenue sharing are reported in the governmental funds balance sheet. The District did not have deferred inflows of resources to report in its government-wide financial statements for the current year.

I. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Employees earn annual leave based upon their length of employment. Upon separation of employment, employees are paid for accumulated annual leave. Employees also earn sick leave, but no unused sick leave is paid upon separation of employment.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balances

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's board of commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's board of commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's board of commissioners have the authority to assign amounts to be used for specific purposes.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are reported as prepaid expenses in the government-wide financial statements.

(2) New Accounting Standard

Effective January 1, 2013, the District implemented the following GASB statement: GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

(3) Levied Taxes

The following is a summary of authorized and levied as valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating and maintenance	1.40	1.40	2014

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

(4) Cash, Cash Equivalents, and Investments

At December 31, 2013, the District had cash, cash equivalents and investments (book balances), totaling \$266,263 as detailed below.

A. Cash, Cash Equivalents, and Investments

The District had cash and cash equivalents at December 31, 2013 (book balances) totaling \$216,263 in interest bearing demand deposits, and money market accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At December 31, 2013, the District had investments totaling \$50,000 as follows:

<i>Certificates of deposit</i>	<u>\$ 50,000</u>
--------------------------------	------------------

The certificates of deposits have initial maturities greater than 90 days and are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depository institution failure, the government's deposits may not be returned to it. As of December 31, 2013, the District's bank balances totaling \$278,179 were not exposed to custodial credit risk and were insured by the FDIC.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

(5) Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance at Jan. 1, 2013	Additions	Deletions	Balance at Dec. 31, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 710,000	\$	\$	\$ 710,000
Capital assets, being depreciated:				
Buildings and improvements	1,161,926	30,400		1,192,326
Equipment	603,085	9,372	16,391	596,066
Other improvements	9,867,998		16,438	9,851,560
Total capital assets, being depreciated at historical cost	11,633,009	39,772	32,829	11,639,952
Less accumulated depreciation:				
Buildings and improvements	(897,930)	(29,995)		(927,925)
Equipment	(528,346)	(20,019)	16,391	(531,974)
Other improvements	(8,004,234)	(168,096)	16,438	(8,155,892)
Total accumulated depreciation	(9,430,510)	(218,110)	32,829	(9,615,791)
Total capital assets, being depreciated, net	2,202,499	(178,338)		2,024,161
Governmental activities capital assets, net	\$ 2,912,499	\$ (178,338)	\$	\$ 2,734,161

Depreciation expense for the year ended December 31, 2013 was \$218,110 and reported in culture and recreation function of governmental activities.

(6) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

(7) Long-Term Liabilities

Long -term liability activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Certificate of Indebtedness:					
Certificates of Indebtedness, Series 2013	<u>\$</u>	<u>\$ 200,000</u>	<u>\$</u>	<u>\$ 200,000</u>	<u>\$ 100,000</u>

Certificates of indebtedness at December 31, 2013 is comprised of the following individual issue:

Series 2013, original amount \$200,000 for improving public facilities within the District and costs of issuance, due in annual installments of \$100,000 in March, 2014 and \$100,000 in March, 2015; Interest rates 3.00% - 3.25%; repayment of debt is paid from the operating ad valorem tax levied by the District. The certificates are secured by a pledge of the Ad valorem tax levied by the District.

Debt service requirements at December 31, 2013, were as follows:

<u>Fiscal Year</u>	<u>Certificate of Indebtedness</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 100,000	\$ 3,834	\$ 103,834
2015	100,000	1,625	101,625
	<u>\$ 200,000</u>	<u>\$ 5,459</u>	<u>\$ 205,459</u>

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2013 consisted of the following:

Accounts payable	\$ 66,837
Payroll liabilities	<u>2,147</u>
	<u>\$ 68,984</u>

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

(9) Deferred Inflows of Resources

Deferred inflows of resources recorded in the fund financial statements at December 31, 2013 consist of unavailable revenue as follows:

Ad valorem taxes	\$ 26,257
Assessment – service charges	<u>18,080</u>
	<u>\$ 44,337</u>

(10) Subsequent Events

Subsequent events have been evaluated through July 11, 2014, the date the financial statements were available to be issued.

(11) Fund Balance Classifications

The constraints on fund balance as listed in the aggregate are composed of the following:

Fund balance:

Restricted

Debt proceeds for public facility improvements	\$ 196,650
Animal care	15,345

Assigned

Subsequent operations	50,000
-----------------------	--------

Unassigned

<u>728,243</u>
<u>\$ 990,238</u>

(12) Restatement of Fund Balance

Fund balance of the fund financial statements at December 31, 2012 was restated to reflect the reporting of state revenue sharing as follows:

Fund balance, December 31, 2012	\$ 971,255
Deferred inflow – unearned revenue	<u>(17,940)</u>
Fund balance, December 31, 2012, restated	<u>\$ 953,315</u>

(13) Restatement of Net Position

Net position of the government-wide, governmental activities financial statement at December 31, 2012 was restated to reflect the reporting of prepaid expenses as follows:

Net position, December 31, 2012	\$ 3,944,573
Prepaid item previously expensed	<u>38,464</u>
Net position, December 31, 2012, restated	<u>\$ 3,983,037</u>

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2013

(14) Litigation Claims

At December 31, 2013, the District is involved in one lawsuit. Based upon the facts of the case, management does not expect potential liabilities to be material to the District's financial position.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 (GAAP BASIS)
 General Fund
 For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Ad valorem taxes	\$ 820,000	\$ 827,000	\$ 877,711	\$ 50,711
State revenue sharing	24,000	26,000	26,980	980
Permits, license and fees	480,600	461,150	467,539	6,389
Donations	20,000	35,000	35,000	
Interest income	1,500	1,300	1,285	(15)
Miscellaneous	7,500	69,200	65,278	(3,922)
Total revenues	1,353,600	1,419,650	1,473,793	54,143
Expenditures				
Current				
General government	263,100	398,950	402,611	(3,661)
Culture and recreation	918,400	1,090,350	1,194,487	(104,137)
Capital outlay	155,600	50,400	39,772	10,628
Total expenditures	1,337,100	1,539,700	1,636,870	(97,170)
Excess (deficiency) of revenues over expenditures	16,500	(120,050)	(163,077)	(43,027)
Other financing sources:				
Issuance of long-term debt		200,000	200,000	
Net change in fund balance	16,500	79,950	36,923	(43,027)
Fund balance at beginning of year	876,343	876,343	953,315	76,972
Fund balance at end of year	\$ 892,843	\$ 956,293	\$ 990,238	\$ 33,945

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Schedule of Compensation paid Commissioners
For the Year Ended December 31, 2013

COMPENSATION PAID COMMISSIONERS

This schedule of compensation paid commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:2605, the commissioners are entitled to receive, out of available funds of the District, a per diem allowance of \$40 for each meeting of the District that they attend, but no such allowance shall be paid for more than 36 meetings in any calendar year.

	<u>NUMBER</u>	<u>AMOUNT</u>
Christopher Baker	25	\$ 1,000
Emmett "Gary" Wyche	22	880
Walter O. Bigby Jr.	26	1,040
Robert Berry	14	560
Alan Warren	26	<u>1,040</u>
Total		<u>\$ 4,520</u>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

Board of Commissioners
Cypress - Black Bayou Recreation
and Water Conservation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements, and have issued our report thereon dated July 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cypress - Black Bayou Recreation and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cypress - Black Bayou Recreation and Water Conservation District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

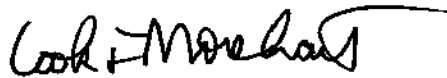
As part of obtaining reasonable assurance about whether Cypress - Black Bayou Recreation and Water Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Corrective Action Plan for Current Year Audit Findings as item 2013 – 1.

Cypress - Black Bayou Recreation and Water Conservation District's Response to Finding

Cypress - Black Bayou Recreation and Water Conservation District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan for Current Year Audit Findings. Cypress - Black Bayou Recreation and Water Conservation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
July 7, 2014

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2013

Summary Schedule of Prior Audit Findings

Finding 2012 – 1:

Condition: For nine meetings of the Board of Commissioners, minutes were not published within the time frame required by state law. For ten meetings of the Board of Commissioner, minutes were not published.

Current Status: Resolved

Current Year Audit Findings and Corrective Action Plan
Schedule For Louisiana Legislative Auditor
December 31, 2013

Current Year Audit Findings and Corrective Action Plan

There is one finding in the current audit for the year ended December 31, 2013, as follows:

Reference No.:	2013-1
Criteria:	The Local Government Budget Act sets forth the requirements for appropriately adopting and amending budgets.
Condition:	The District did not appropriately amend its budget during the year. Actual expenditures exceeded budgeted expenditures by more than 5% for the 2013 year.
Effect:	The District was not in compliance with the Local Government Budget Act.
Recommendation:	We recommend that the District appropriately amend its budgets, as needed, to comply with the Local Government Budget Act.
Corrective Action Planned:	The District will monitor its budget to comply with the Local Government Budget Act.